Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

LIMITED OFFICIAL USE

PAGE 01 GENEVA 03278 01 OF 02 021238Z
ACTION EB-08

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-11
NSCE-00 SSO-00 USIE-00 INRE-00 DOEE-00 AF-10
ARA-10 EA-10 EUR-12 NEA-10 OIC-02 /148 W
----------088000 021309Z /42
O 021220Z MAR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC IMMEDIATE 6654
INFO AMEMBASSY TOKYO

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 03278

PASS STR ELECTRONICALLY

E.O. 11652: N/A
TAGS: ETRD, GATT, JA
SUBJECT: GATT COUNCIL - PANEL REPORT ON THROWN SILK

1. JAPANESE CALLED US URGENTLY TO REQUEST THAT PANEL REPORT ON THROWN SILK BE KEPT OFF MARCH 14 COUNCIL AGENDA AS GOJ HAS DIFFICULTIES WITH REPORT AS DRAFTED BY CHAIRMAN.

2. IN PARTICULAR, JAPANESE FIND OBJECTIONABLE PARA-GRAPH 6 OF REPORT, WHICH REFERS TO THE FACT THAT THE PANEL PRESENTED ITS FINDINGS ORALLY TO THE PARTIES CONCERNED. JAPANESE DEL HAS SAID THAT JAPANESE EMBASSY IN WASHINGTON INSTRUCTED TO APPROACH USG TO SEEK CON-CURRENCE IN POSTPONEMENT OF MEETING.

3. JAPANESE HAVE DISCUSSED DELETION OF PARAGRAPH 6 WITH PANEL CHAIRMAN WHO HAS REFUSED. WE TOLD JAPANESE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 03278 01 OF 02 021238Z

DEL THAT WE HAVE NO PROBLEMS WITH DELETION OF PARAGRAPH BUT THAT IT IS WITHIN THE COMPETENCE OF THE PANEL CHAIR-MAN TO DECIDE. JAPANESE THEN ASKED THAT ITEM BE DELETED FROM GATT COUNCIL AGENDA, AND THEY WILL BE APPROACHING GATT SECRETARIAT TO PRESS THEIR DEMANDS. WE INDICATED TO JAPANESE THAT INSCRIPTION OF ITEM ON AGENDA IS AUTOMATIC ONCE THE PANEL DISTRIBUTES ITS REPORT.

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

4. PERTINENT PARAGRAPHS OF PANEL REPORT READ AS FOLLOWS BEGINNING WITH PARAGRAPH 4:

"4. THE PANEL BASED ITS DELIBERATIONS ON THE FOLLOWING FACTS:

(A) IN SEPTEMBER 1974 CONTRACTING PARTIES WERE NOTIFIED THAT PURSUANT TO THE (1951) COCOON AND RAW SILK PRICE STABILIZATION LAW THE GOVERNMENT OF JAPAN HAD DECIDED THAT THE JAPAN RAW SILK CORPORATION SHOULD BE AUTHORIZED AS THE SOLE IMPORTER OF RAW SILK, EFFECTIVE 1 AUGUST 1974 (L/3833/ADD.13). IN JULY 1975 CONTRACTING PARTIES WERE ADVISED OF THE EXTENSION OF THE MEASURE UNTIL 31 MAY 1976 (L/4140/ADD.8/SUPPL.1), AND IN MAY 1976 OF A FURTHER EXTENSION "FOR SOME TIME" (L/4296/ADD.7).

(B) IN FEBRUARY 1976, JAPAN INTRODUCED A "PRIOR CONFIRMATION SYSTEM" WITH RESPECT TO IMPORTS OF THROWN SILK YARN, IN ACCORDANCE WITH THE (1949) CABINET ORDER NO. 414 CONCERNING CONTROL OF IMPORT TRADE (C/M/122, PARAGRAPH 5). THIS WAS REPLACED BY A "PRIOR PERMISSION SYSTEM", EFFECTIVE 18 MAY 1977, "WITH A VIEW TO ENSURING THE FUNCTION OF THE STATE TRADING OF RAW SILK" (L/4509). THE PRIOR PERMISSION

LIMITED OFFICIAL USE

SYSTEM APPLIED TO ALL COUNTRIES AND AREAS HAVING PAST PERFORMANCE OR POSSIBILITY OF EXPORTS TO JAPAN OF SILK YARN (CCCN 50.04 AND EX 50.07) AND KNITTED OR CROCHETED FABRIC MADE OF SILK (CCCN EX 60.01-1-(4)).

(C) THE UNITED STATES, CLAIMING THAT ITS EXPORTS OF THROWN SILK YARN HAD BEEN DENIED ENTRY INTO JAPAN BETWEEN FEBRUARY 1976 AND THE INCEPTION OF THE PRIOR PERMISSION SYSTEM AND SEVERELY RESTRICTED UNDER THE LATTER, ENTERED INTO CONSULTATIONS WITH JAPAN, WHICH DID NOT BRING ABOUT A SOLUTION. THE UNITED STATES ACCORDINGLY SOUGHT RECOURSE TO THE PROVISIONS OF ARTICLE XXIII:2 AND ASKED THAT A PANEL BE ESTABLISHED (C/M/122 AND 123, L/4530).

5. IN THE COURSE OF ITS WORK THE PANEL HEARD STATEMENTS BY REPRESENTATIVES OF THE UNITED STATES AND JAPAN. BACKGROUND DOCUMENTS AND RELEVANT INFORMATION SUBMITTED BY BOTH PARTIES, THEIR REPLIES TO QUESTIONS PUT BY THE PANEL AS WELL AS ALL RELEVANT GATT DOCUMENTATION SERVED AS A BASIS FOR THE EXAMINATION OF THE MATTER. IN ADDITION, THE PANEL HEARD THE SPOKES-

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

MAN FOR THE EUROPEAN COMMUNITIES ON THE DIFFERENT ASPECTS OF THE MATTER, IN ACCORDANCE WITH HIS DELEGATION'S REQUEST MADE TO THE COUNCIL (C/M/122, PARAGRAPH 5), AND RECEIVED WRITTEN INFORMATION FROM THE EUROPEAN COMMUNITIES THAT WAS REQUESTED BY THE PANEL. DURING THE PROCEEDINGS, THE PANEL ATTEMPTED TO BRING ABOUT A COMPROMISE BETWEEN THE TWO PARTIES IN THE MATTER BEFORE IT.

6. ON 13 DECEMBER 1977 THE PANEL PRESENTED ITS FINDINGS ORALLY TO THE PARTIES AND INVITED THEM TO INFORM THE PANEL BY THE END OF THE YEAR WHETHER THEY THOUGHT IT POSSIBLE TO ARRIVE AT AN AGREEMENT ON THE BASIS OF BILATERAL CONSULTATIONS. AN AFFIRMATIVE INDICATION
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 GENEVA 03278 01 OF 02 021238Z

TO THIS EFFECT WAS GIVEN WITHIN THE SPECIFIED TIME-LIMIT.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 GENEVA 03278 02 OF 02 021241Z
ACTION EB-08

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-11
NSCE-00 SSO-00 USIE-00 INRE-00 DOEE-00 AF-10
ARA-10 EA-10 EUR-12 NEA-10 OIC-02 /148 W
----------088027 021308Z /42
O 021220Z MAR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC IMMEDIATE 6655
INFO AMEMBASSY TOKYO

LIMITED OFFICIAL USE SECTION 02 OF 02 GENEVA 03278

PASS STR ELECTRONICALLY

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

7. ON 15 FEBRUARY 1978 THE PANEL WAS INFORMED THAT THE BILATERAL CONSULTATIONS BETWEEN THE UNITED STATES AND JAPAN HAD BEEN BROUGHT TO A SUCCESSFUL CONCLUSION AND THAT, AS A RESULT OF THESE CONSULTATIONS, THE GOVERNMENT OF THE UNITED STATES IS SATISFIED WITH THE WAY IN WHICH THE GOVERNMENT OF JAPAN WILL IMPLEMENT THE PRIOR PERMISSION SYSTEM ON THROWN SILK YARN.

8. SINCE THE TERMS OF REFERENCE OF THE PANEL WERE TO MAKE SUCH FINDINGS AS WOULD ASSIST THE CONTRACTING PARTIES IN MAKING RECOMMENDATIONS OR RULINGS IN ACCORDANCE WITH PARAGRAPH 2 OF ARTICLE XXIII, THE PANEL DRAWS THE ATTENTION OF THE COUNCIL TO THE FACT THAT THE PARTIES HAVE ARRIVED AT A BILATERAL SOLUTION. CONSEQUENTLY, THE PANEL CONSIDERS THAT IT IS UNNECESSARY TO UNDERTAKE FURTHER INVESTIGATION OF THIS MATTER."
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

9. AFTER TYPING ABOVE WE HAVE LEARNED THAT ALL THREE MEMBERS OF GATT PANEL REFUSE TO CHANGE REPORT AND THAT IT WILL BE CIRCULATED AS WRITTEN TODAY. PANEL MEMBERS EVIDENTLY BELIEVE THAT THEY HAVE ALREADY GONE FURTHER THAN ANY PREVIOUS PANEL IN TAKING THE VIEWS OF DISPUTANTS INTO ACCOUNT IN WRITING REPORT AND WANT TO INDICATE TO COUNCIL THAT THEY FULFILLED THEIR TASK AS INSTRUCTED. WHETHER ITEM IS ON AGENDA OR NOT DEPENDS UPON COUNCIL CHAIRMAN YUNIS. WE UNDERSTAND THAT JAPANESE AMBASSADOR SAWAKI WILL APPROACH YUNIS TODAY TO KEEP ITEM OFF AGENDA.

10. COMMENT: WE ARE NOT IN A POSITION TO JUDGE JAPANESE POLITICAL SENSITIVENESS TO THIS ISSUE BUT JAPANESE EVIDENTLY BELIEVE THAT THIS PARAGRAPH COULD LEAD TO EMBARRASSING QUESTIONS BY OPPOSITION IN DIET AND THAT PUTTING OFF ITEM UNTIL NEXT COUNCIL COULD EASE POLITICAL RISK INVOLVED. FROM HERE WE FIND IT HARD TO VISUALIZE JAPANESE OPPOSITION POURING OVER GATT REPORTS AND BELIEVE THAT JAPANESE ARE OVERREACTING. NEVERTHELESS, WE SEE NO REAL HARM IN LEAVING ITEM OFF AGENDA UNTIL SUBSEQUENT MEETING IF IT WILL HELP TO ASSURE THAT UNDERSTANDING ARRIVED AT IN TOKYO IS NOT ENDANGERED. UNLESS INSTRUCTED OTHERWISE BY 6:00 PM GENEVA TIME MARCH 2 WE INTEND TO ACQUIESCE IN DELETION OF ITEM FROM AGENDA FOR MARCH 14 COUNCIL IF REQUESTED. SORENSON

LIMITED OFFICIAL USE

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

NNN

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SILK
Control Number: n/a
Copy: SINGLE
Draft Date: 02 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GENEVA03278
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780095-0874
Format: TEL
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197803116/aaaaduge.tel
Line Count: 221
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 51e53dba-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3144691
Secure: OPEN
Status: NATIVE
Subject: GATT COUNCIL - PANEL REPORT ON THROWN SILK
TAGS: ETRD, JA, GATT
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/51e53dba-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014